

*Bureau of Labor Statistics (BLS)* means the Bureau of Labor Statistics of the Department of Labor.

*Commonwealth of the Northern Mariana Islands (CNMI)* means the Commonwealth of the Northern Mariana Islands, which is part of the Guam/CNMI COLA area.

*Consumer Expenditure Survey (CES)* means the BLS survey of consumers and their expenditures.

*Consumer Price Index (CPI)* means the BLS survey of the change of consumer prices over time.

*Cost-of-living allowance (COLA)* means an allowance that the Office of Personnel Management (OPM) establishes under 5 U.S.C. 5941 at a location in a nonforeign area where living costs are substantially higher than in the Washington, DC, area.

*Cost-of-living allowance area* means a geographic area for which OPM has authorized a COLA. COLA areas are listed in § 591.207.

*Detailed Expenditure Category (DEC)* means the lowest level of expenditure shown in tabulated nationwide CES data.

*Major Expenditure Group (MEG)* means one of the nine major groups into which OPM categorizes expenditures. These categories are food, shelter and utilities, clothing, transportation, household furnishings and supplies, medical, education and communication, recreation, and miscellaneous.

*Nonforeign area* means one of the areas listed in § 591.205.

*Office of Personnel Management (OPM)* means the Office of Personnel Management.

*Official duty station* means the duty station for an employee's position of record as indicated on his or her most recent notification of personnel action. For an employee who is authorized to receive relocation allowances under 5 U.S.C. 5737 in connection with an extended assignment, the temporary duty station associated with that assignment is the employee's official duty station. *Exception:* A new duty station assignment that is followed within 3 working days by a reduction in force that results in the employee's separation before the employee is required to

report for duty at the new location is not an official duty station.

*Post differential* means an allowance OPM establishes under 5 U.S.C. 5941 at a location in a nonforeign area where conditions of environment differ substantially from conditions of environment in the contiguous United States and warrant its payment as a recruitment incentive.

*Post differential area* means a geographic area for which OPM authorizes a post differential. Post differential areas are listed in § 591.231.

*Primary Expenditure Group (PEG)* means one of approximately 40 expenditure groups into which OPM categorizes expenditures. A PEG is the first level of categorization under the MEG.

*Rate of basic pay* means the rate of pay fixed by statute for the position held by an individual before any deductions and exclusive of additional pay of any kind, such as overtime pay, night differential, extra pay for work on holidays, or other allowances and differentials. For firefighters covered by 5 U.S.C. 5545b (as provided in § 550.1305(b) of this chapter), straight-time pay for regular overtime hours is basic pay.

*Washington, DC, area or DC area* means the District of Columbia; Montgomery County, MD; Prince Georges County, MD; Arlington County, VA; Fairfax County, VA; Prince William County, VA; and the independent cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park, Virginia.

#### COST-OF-LIVING ALLOWANCES AND POST DIFFERENTIALS

#### § 591.202 Why does the Government pay COLAs?

The Government pays COLAs as additional compensation to certain civilian Federal employees in specified nonforeign areas in consideration of higher living costs in the local area compared with living costs in the Washington, DC, area.

#### § 591.203 Why does the Government pay post differentials?

The Government pays post differentials to certain civilian Federal employees in specified nonforeign areas as

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a recruitment incentive based on conditions of environment in the local area compared with conditions in the continental United States. Post differentials are designed to attract persons from outside the area to work for the Federal Government in the post differential area.

### § 591.204 Who can receive COLAs and post differentials?

(a) Agencies pay COLAs and post differentials authorized under this subpart to civilian Federal employees whose rates of basic pay are fixed by statute. The following pay plans are covered by this subpart:

- (1) General Schedule,
- (2) Veterans Health Administration (Department of Veterans Affairs),
- (3) Foreign Service (including the Senior Foreign Service),
- (4) Postal Service (where applicable under title 39, United States Code),
- (5) Administrative law judges paid under 5 U.S.C. 5372,
- (6) Senior Executive Service (including the Federal Bureau of Investigation and Drug Enforcement Administration Senior Executive Service),
- (7) Senior-level and scientific or professional positions paid under 5 U.S.C. 5376, and
- (8) Administrative appeals judges paid under 5 U.S.C. 5372b.

(b) At its sole discretion and consistent with the intent of 5 U.S.C. 5941, an agency may apply this subpart to other positions authorized by specific law.

(c) Agencies pay COLAs to employees covered by paragraphs (a) or (b) of this section and whose official duty station is in a COLA area as defined in § 591.207.

(d) Agencies pay post differentials to employees covered by paragraphs (a) or (b) of this section whose official duty station or detail to temporary duty is in a post differential area as defined in § 591.231 and who are eligible to receive a post differential under § 591.233.

### § 591.205 Which areas are nonforeign areas?

(a) The nonforeign areas are States, commonwealths, territories, and possessions of the United States outside the 48 contiguous United States and any additional areas the Secretary of

State designates as being within the scope of Part II of Executive Order 10000, as amended.

(b) The following areas are nonforeign areas:

- (1) State of Alaska;
- (2) State of Hawaii;
- (3) American Samoa (including the island of Tutuila, the Manua Islands, and all other islands of the Samoa group east of longitude 171 degrees west of Greenwich, together with Swains Island);
- (4) Commonwealth of Puerto Rico;
- (5) Commonwealth of the Northern Mariana Islands;
- (6) Howland, Baker, and Jarvis Islands;
- (7) Johnston Atoll;
- (8) Kingman Reef;
- (9) Midway Atoll;
- (10) Navassaa Island;
- (11) Palmyra Atoll;
- (12) Territory of Guam;
- (13) United States Virgin Islands;
- (14) Wake Atoll;
- (15) Any small guano islands, rocks, or keys that, in pursuance of action taken under the Act of Congress, August 18, 1856, are considered as pertaining to the United States; and
- (16) Any other islands outside of the contiguous 48 states to which the U.S. Government reserves claim.

### COST-OF-LIVING ALLOWANCES

### § 591.206 How does OPM establish COLA areas?

(a) OPM designates, within nonforeign areas, areas where agencies pay employees a COLA by virtue of living costs that are substantially higher than those in the Washington, DC, area. In establishing the boundaries of COLA areas, OPM considers—

- (1) The existence of a well-defined economic community,
- (2) The availability of consumer goods and services,
- (3) The concentration of Federal employees covered by this subpart, and
- (4) Unique circumstances related to a specific location.

(b) If a department or agency wants OPM to consider establishing or revising the definition of a COLA area, the head of the department or agency or his or her designee must submit a request in writing to OPM.